

BEFORE THE

PUBLIC SERVICE COMMISSION OF WISCONSIN

 Quadrennial Planning Process II

 Docket No. 5-FE-100

 COMMENTS OF CLEAN WISCONSIN REGARDING
 THE APPROPRIATE SCOPE OF QUADRENNIAL PLANNING PROCESS II

Clean Wisconsin appreciates the opportunity to respond to the Commission's Notice of Investigation and Request for Comments, issued in this docket on July 3, 2013. These comments will address three questions: (1) which decisions made in the first quadrennial planning process as set forth in Attachment A should be revisited; (2) new issues that should be addressed in the Quadrennial Planning Process II; and (3) whether and how water efficiency measures and their associated energy savings should be incorporated into the Focus on Energy program and addressed in this docket.

I. DECISIONS MADE IN THE FIRST QUADRENNIAL REVIEW PROCESS THAT SHOULD BE REVISITED.

A. RATE IMPACTS FROM FOCUS EFFORTS: In the prior Quadrennial Review (docket 5-GF-191) the Commission considered the issue of rate impacts from the Focus on Energy Program (Attachment A, 1c). Clean Wisconsin, as a member of the Joint Public Intervenors¹, commented that rate impacts must be considered, but that efforts to mitigate unacceptable short-term rate impacts should be implemented prior to any consideration of lowering the appropriate level of savings goals (*see ERF #115240*). This Quadrennial Review provides a timely opportunity to examine effective rate impact mitigation strategies that could be achieved in the planning period.

B. PROGRAM DESIGNS AND PROCESSES THAT MAXIMIZE THE VALUE OF FOCUS TO RATEPAYERS AND OTHERS: Under a constrained Focus budget and/or due to concern about rate impacts, it is especially important to ensure that program designs and processes maximize the value of Focus to ratepayers and others. The types of programs being implemented can help mitigate near term rate impacts while still creating substantial value for ratepayers. One way to achieve this would be to establish program portfolios that are "least cost" over time by creating sustainable market changes that reduce the need for high financial incentives. An emphasis on short-term programs that focus on resource acquisition rather than market transformation fails to capture the benefits of savings available from longer-term measures. This is especially important in a period of excess capacity, when normal growth does not mitigate the rate impacts of front-loaded energy savings on utility sales. It is important to recognize that the market transformation and resource acquisition

¹ The Joint Public Intervenors were Citizens Utility Board, RENEW Wisconsin, and Clean Wisconsin.

approaches are not diametrically opposed; rather, they can work in tandem to achieve energy savings while mitigating rate impacts. Clean Wisconsin recommends that program designs and processes be considered and analyzed as a means of addressing rate impacts from Focus on Energy in the QPP II.

C. WHETHER FOCUS SHOULD PRIMARILY TARGET DEMAND OR ENERGY: An outcome of the prior Quadrennial Review was that the Commission has incented the Program Administrator to pursue an energy savings goal over a demand reduction goal by providing a performance bonus for meeting the energy savings goal. While some types of programs will provide significant energy and demand reduction savings (e.g. lighting other than security or night lighting), many measures/programs provide more savings of one kind than another. Energy savings are especially important to address near-term emissions of carbon and other pollutants, but demand savings are also important since it is demand that drives the need to build new generation, which has both cost and emissions impacts. Ultimately, it is important to maximize attainment of both goals because both are critical in a carbon-constrained future. In the last Quad proceeding, the Commission's decisions balanced the attainment of both goals. However, the issue of better integration and coordination between Focus efforts and utility demand/response and rate design effects could prove to be a better way to set and achieve an overall demand savings goal, rather than only considering the Focus program in isolation. Clean Wisconsin recommends that the demand/energy goal balance be revisited within the context of an integrated package of energy efficiency, demand response/ distributed resources, and rate design to establish an overall demand reduction target.

D. COST-EFFECTIVENESS OF RENEWABLE ENERGY: Clean Wisconsin recommends that the Commission revisit this issue. The aim of the cost-effectiveness test for customer-sited renewable resources should be consistent with the public purposes for pursuing such efforts; that is, it should be recognized that in addition to the energy benefits, a number of other valuable benefits flow from the expanded use of renewable energy resources, including but not limited to mitigation of risk from a carbon-intensive statewide energy portfolio.

E. ENVIRONMENTAL AND ECONOMIC RESEARCH AND DEVELOPMENT PROGRAM: Given that the Center for Neighborhood Technology conducted a major overhaul of EERD program, including the substantive focus of the research, within FOE, it would be timely and prudent to use this docket as an opportunity to examine how the initial rounds of the new program fared (the second round of research selection and rewards will likely be completed within the timeframe of this docket).

II. NEW ISSUES THAT SHOULD BE ADDRESSED IN THE QUADRENNIAL REVIEW PLANNING PROCESS II.

A. THE ROLE OF FOCUS ON ENERGY IN POSITIONING WISCONSIN TO COST-EFFECTIVELY MEET FEDERAL CARBON STANDARDS

One month ago President Obama announced his Climate Action Plan which included many incentives for demand-side energy efficiency as well as directing EPA to begin rulemaking to set carbon pollution standards for existing power plants under Section 111 (d) of the Clean Air Act; regulations that have also been ordered by the U.S. Supreme Court (citation). Section 111 of the Clean Air Act allows for high degree of state involvement in the implementation of any standard that is set by EPA, and states will need to prepare a State Implementation Plan once standards are set. It would benefit Wisconsin state agencies to consider as early as possible how they might position the state to implement and comply with the standards, the form of which can be anticipated by looking at the new source standard (draft rule published in June of 2012). The time frame the President has laid out (a draft existing source rule by June of 2014 and a final rule by 2015) syncs up very well with the timing of this docket. This docket could have a significant impact on positioning Wisconsin to implement the standards and positioning utilities to comply with them. Some timely questions the Commission could consider in this Quadrennial review are:

1. Whether the State of Wisconsin should take the position that demand-side energy efficiency should be an allowable compliance mechanism. It is highly likely that this docket will be completed before the rules are promulgated and this is an open question.
2. Assuming DSM will be an allowable compliance mechanism, consider to what extent FOE could be used by Wisconsin utilities for compliance (how might the carbon attributes be assigned or obtained).
3. Consider whether there are any changes to FOE that might position it better to be used as a compliance mechanism.

III. INCLUSION OF WATER EFFICIENCY MEASURES AND THEIR ASSOCIATED ENERGY SAVINGS IN THE FOCUS ON ENERGY PROGRAM.

The Commission requests comments regarding whether water efficiency measures, and their associated energy savings, should be incorporated into the Focus on Energy program and addressed in this docket. Clean Wisconsin supports maximizing the energy and water savings that can be achieved using a variety of water conservation and efficiency measures, and appreciates the Commission's leadership in recognizing the need to capture these savings. Clean Wisconsin recommends that the Commission conduct an investigation of the energy and water savings potential of a statewide

Focus on Water program, including its costs and benefits to water ratepayers. Such an investigation should define “water efficiency measures” and analyze, as the Commission has done for the electric programs, how best to fund, design, implement, and evaluate these new programs, including all the issues enumerated in the Commission’s Request for Comments. The Environmental and Economic Research and Development Program (EERD) under Focus on Energy could be used to explore these questions, if funded to do so. Clean Wisconsin believes that while it is important to capture the benefits of water conservation and efficiency and we support the Commission’s interest in doing so, the inherent funding, jurisdictional, program design, and evaluation issues are sufficiently complex that they warrant a thorough investigation that may be outside the scope of this Quadrennial Review.

Respectfully submitted this 2nd day of August, 2013,

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